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In the Supreme Court of the United States

OCTOBER TERM, 1977

No. 77-1628

CELEBRITY, INC.,
Petitioner,

VERSUS

A & B INSTRUMENT COMPANY, INC.
and MID-AMERICA SALES AND
MARKETING, INC.,
Respondents.

**BRIEF IN OPPOSITION TO PETITION FOR WRIT
OF CERTIORARI TO THE UNITED STATES COURT
OF APPEALS FOR THE TENTH CIRCUIT**

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June, 1978

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STATEMENT OF THE FACTS

The facts of this case are essentially as set forth in the Petition for Writ of Certiorari. The Opinion of the Court of Appeals for the Tenth Circuit has been published at 573 F.2d 11.

REASONS FOR DENYING THE WRIT

Petitioner has suggested that the Judgment of the Circuit Court conflicts with the federal policy as expressed in *Lear v. Adkins*, 395 U.S. 653 (1969), favoring free competition in ideas that do not merit patent protection and makes uniform application of the patent laws impossible. Further,

Petitioner submits the Judgment below conflicts with the prior decisions of this Court as regards the principles of law pertaining to design patent validity.

Respondent A & B Instrument respectfully submits that the Petition for Writ of Certiorari should be denied on the grounds that the jury below found the patent-in-suit to be non-obvious and not anticipated by the prior art and the court thereupon based its finding that the patent-in-suit is valid. Respondent A & B Instrument further submits that the jury was instructed as to the principles of validity of design patents in accordance with the criteria laid down by this Court.

ARGUMENT

I.

THE VALIDITY DETERMINATION WAS MADE ACCORDING TO THE PRINCIPLES LAID DOWN BY THIS COURT.

The Court of Appeals for the Tenth Circuit has previously interpreted the principles of *Graham v. John Deere Co.*, 383 U.S. 1 (1966), insofar as the question of validity is regarded, as ultimately a question of law which is based upon several distinct factual inquiries such as the non-obviousness of the subject matter of the patent. *Moore v. Schultz*, 491 F.2d 294 (10th Cir. 1974), *cert. den.*, 95 S.Ct. 203 (1974).

In this case, the question of non-obviousness was placed before the jury via introduction of the patent-in-suit: the patents cited by the Examiner during the prosecution of the patent-in-suit; additional prior art patents cited by

plaintiff (Petitioner herein) as being more relevant than the art cited by the Examiner; numerous lay and expert witnesses; and finally, the jury was specifically instructed as to 35 U.S.C. § 103 (A. 23)* and the further admonition to the statutory instruction was added by the Court:

"A design is obvious in law if one of ordinary skill in the art, comparing prior art with this design, would have found the design obvious or apparent.

"The purpose of comparing 'prior art' is to determine by examining prior patents, whether the patent in suit has been earlier anticipated in the art. If the prior art discloses the design, then it may be said to be obvious and unpatentable and a patent so given would be invalid. Otherwise the presumption of validity must stand." (A. 23)

Petitioner suggests that the jury was not properly instructed with respect to the question of "obviousness" because "obviousness" must be determined in accordance with the level of skill of a non-layman, citing *Dann v. Johnston*, 425 U.S. 219, 229 (1976). The observation of this Court in *Dann v. Johnston* (which involved a "utility" patent rather than a "design" patent) to which the Petitioner refers was with respect to "a hypothetical person [who] would have been aware both of the nature and extensive use of data processing systems in the banking industry and of the system encompassed in the Dirke patent." 425 U.S. at 229.

Respondent A & B Instrument suggests that, as has been widely recognized, the "level of one skilled in the

*References are to the Appendix to the Petition and page number thereof.

art," as applied to design patent cases, rests upon the perception of the "ordinary observer" and not upon the accumulated experience of abstruse technical involvement with a particular art. *Gorham v. White*, 81 U.S. 511 (1871).

This Court, in *Gorham*, stated with respect to design infringement:

"The court below was of the opinion that the test of a patent for a design is not the eye of an ordinary observer. The learned judge thought there could be no infringement unless there was 'substantial identity' 'in view of the observation of a person versed in designs in the particular trade in question—of a person engaged in the manufacture or sale of articles containing such designs—of a person accustomed to compare such designs one with another, and who sees and examines the articles containing them side by side.' There must, he thought, be a comparison of the features which make up the two designs. With this we cannot concur.

* * * * *

"Experts, therefore, are not the persons to be deceived. Much less than that which would be substantial identity in their eyes would be indistinguishable in the eyes of men generally, of observers of ordinary acuteness, bringing to the examination of the article upon which the design has been placed that degree of observation which men of ordinary intelligence give."

As regards the validity of a design patent, this Court stated in *Smith v. Whitman Saddle Co.*, 148 U.S. 674, 679-680:

"In *Jennings v. Kibbe*, 10 Fed. Rep. 669, 20 Blatchf. 353, Mr. Justice Blatchford, then circuit judge, applied

the rule laid down in *Gorham Mfg. Co. v. White*, 81 U.S. 14 Wall. 511 [20:731], stating it thus, that 'the true test of identity of design is sameness of appearance,—in other words, sameness of effect upon the eye; that it is not necessary that the appearance should be the same to the eye of an expert and that the test is the eye of an ordinary observer, the eyes of men generally, of observers of ordinary acuteness, bringing to the examination of the article upon which the design has been placed that degree of observation which men of ordinary intelligence give.' *Ripley v. Elson Glass Co.*, 49 Fed. Rep. 927."

Secondly, the jury was also instructed with regard to 35 U.S.C. § 102 (A. 22) and the Court added this further admonition:

"In order for a design patent to be valid it must disclose an ornamental design which is new within the meaning of that word as used in the patent laws, the ornamental design as a whole must be pleasing enough to catch the trade." (A. 23)

Further, the jury was instructed with regard to 35 U.S.C. § 171 (A. 22) and the Court added the further admonition:

"The functional features of a product subject to a design patent are not to be considered in ascertaining whether the ornamental design is new or not." (A. 23)

As is apparent from the above recitations, the jury did not adjourn for their deliberations in a vacuum with respect to their functions as triers of fact as Petitioner infers at pages 11 and 12 of its Petition. The jury had been instructed that:

"In order that Celebrity [Petitioner] prove A & B's [Respondent] patent to be invalid, Celebrity must present clear and convincing evidence to disprove validity. In the absence of this, the law presumes validity." (A. 22)

As triers of fact, the jury was charged to determine the "factual inquiries" underlying the ultimate question of patent validity, *Graham v. John Deere Co.*, *supra*, as has been recognized in the Tenth Circuit, *Moore v. Schultz*, *supra*; *G. E. Staley Manufacturing Co. v. Harvest Brand, Inc.*, 452 F.2d 735 (10th Cir. 1971); *Eimco Corporation v. Peterson Filters & Eng. Co.*, 406 F.2d 431 (10th Cir. 1968), and in the courts of other circuits, *Swafford v. B & W, Inc.*, 395 F.2d 362 (5th Cir. 1968). See also *Scaramucci v. Dresser Industries, Inc.*, 427 F.2d 1309 (10th Cir. 1970).

Further, the Judgment below was based upon an independent determination of the question of validity as shown by the Judgment entered in the case (A. 13, 14) which stated in pertinent part:

"The above action having been tried before the Honorable Luther Bohannon and a jury on July 14, 15 and 16, 1976; and the jury having returned the following verdict:

* * * * *

"1. The patent is valid, not anticipated or obvious in view of the prior art.

* * * * *

"Based upon the finding of the jury and the evidence, the Court finds that:

* * * * *

"(b) Design Patent No. 203,251 of A & B Instrument Company, Inc., is valid, not anticipated or obvious in view of the prior art."

Respondent respectfully submits that the issues in this case were properly brought before the jury with respect to the underlying factual inquiries and that the Court properly determined the ultimate question of validity. The Opinion of the Court of Appeals also considered the trial court's determination of validity to have been proper when it remarked:

"The plaintiff asserts that the 'validity' issue was submitted to the jury, and the record so indicates; however, the trial Court made its determination of validity as a legal issue derived from the several factors. The judgment so indicates, and there was no error in so doing." (Emphasis added) 573 F.2d at 13

II.

THE TRIAL COURT PROPERLY PLACED THE DAMAGES BEFORE THE JURY.

The Petitioner asserts that Certiorari should be granted to review the award of damages in this case on the grounds that said award was speculative and not apportioned between the functional and design features of the patent-in-suit. Petitioner further asserts that the jury was not instructed as to damages; which assertion is contradicted by the express instruction found at (A. 25) which states:

"If you find in favor of A & B, then you may award damages for compensation based upon the evidence in the case of injury and damages before you. The damages, if any, should have a reasonable basis such as the loss of business, the loss of profits, or both."

The damages found by the jury were obviously related to the design features of the patent-in-suit. The evidence was clear that other designs would perform the same function yet Celebrity chose to copy the patented design. The jury was instructed as to unfair competition (A. 22) as well as patent infringement and both of these elements must be viewed as having been combined in the general damage award to Respondent A & B Instrument. Therefore, this case cannot be considered in the posture urged by the Petitioner that the damages awarded bore no reasonable relationship to the computation of lost profits based only on patent infringement.

The Court of Appeals realized the fallacy of the position urged by Petitioner when it observed in its Opinion:

"There would seem to be no serious issue as to the award of combined infringement and unfair competition damages. *Hurn v. Oursler*, 289 U.S. 238. The trial Court instructed the jury on the deceptive trade practice aspect claimed under 78 Okl. St. A. § 52. The instruction covered the proposition that if the patent was not valid, the article described in it is in the public domain and may be made and sold by anyone." 573 F.2d at 13.

CONCLUSION

In view of the foregoing argument and authorities, Respondent A & B Instrument respectfully requests that the Petition for Writ of Certiorari be denied.

Respectfully submitted,

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June, 1978

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the foregoing BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT was mailed first class, postage prepaid to Selig J. Levitan, Stuart A. Summit and Ruth Balen, Burns, Jackson, Miller, Summit & Jacoby, 445 Park Avenue, New York, New York 10022, James D. Fellers and Terry W. Tippens, Feller, Snider, Blankenship, Bailey & Tippens, 2700 First National Center, Oklahoma City, Oklahoma 73102, and Charles G. Humble, Posey & Humble, 7300 N.W. 23rd, Suite 400, Bethany, Oklahoma 73008, on this day of June, 1978.
